

H.R. 23 — Gaining Responsibility on Water Act of 2017 (Rep. Valdadeo, R-CA)

CONTACT: Noelani Bonifacio, 202-226-9719

FLOOR SCHEDULE:

Scheduled for consideration on July 12, 2017 under a structured rule.

TOPLINE SUMMARY:

H.R. 23 would amend the Central Valley Project Improvement Act and the San Joaquin River Restoration Settlement, expedite water storage projects, establish the Board of Reclamation (BOR) as the lead agency in federal approval processes for water storage projects and streamline studies of projects under BOR, and protect water rights.

COST:

The Congressional Budget Office (CBO) <u>estimates</u> that enacting H.R. 23 would increase spending by \$181 million in 2019. Over the 2020-2021 period federal spending would decrease by \$181 million, since most of spending to implement the San Joaquin River Restoration Settlement Act is expected to occur in that time period under current law. The result would be no net change in spending over the budget window.

The bill would not affect revenues.

CBO has not completed an estimate of the effect on spending that would be subject to appropriation.

CONSERVATIVE CONCERNS:

- **Expand the Size and Scope of the Federal Government?** Section 106 establishes a new Restoration Fund Advisory Board.
- Encroach into State or Local Authority? Some conservatives believe that this bill would preempt state laws and require or prohibit some wildlife preservation and water management activities. However, the Central Valley Project is operated under a coordinated state-federal operations agreement, and is therefore subject to federal jurisdiction.
- Delegate Any Legislative Authority to the Executive Branch? No.
- Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits? No.

DETAILED SUMMARY AND ANALYSIS:

TITLE I: Central Valley Project Reliability

Background Information on the CVP and SWP

The Central Valley Project (CVP) was authorized by the federal government in 1935. The federal government stepped in during the Great Depression to finance and construct the CVP, which is currently managed by the Bureau of Reclamation under the Department of the Interior. The CVP is a series of canals and reservoirs that transfer water from the north to the south. The state of California manages the State Water Project. This is another series of canals and reservoirs. Since 1986, at the request of California, the two projects work together to transfer from the north to the south.

Environmentalists have repeatedly sued, under the Endangered Species Act (ESA), to save a three-inch fish, known as the delta smelt which is listed as endangered. Environmentalists claim that the CVP and SWP water pumps in the Sacramento-San Joaquin Delta Rivers are the main cause for the smelt decline. However, others blame the smelt decline on the presence of non-native fish species that prey on the smelt, as well as chemical discharges into the rivers. According to the sponsor, "hundreds of millions of taxpayer and ratepayer dollars have been spent to investigate the specific causes of smelt declines and to protect the species from the operation of the pumps."

In order to save the fish, environmentalists have been successful at diverting water recourses that would have otherwise gone south. These resources have been pumped into the Pacific Ocean has caused a devastating man-made drought.

Section 101 - Section 110

These sections contain similar language included in $\underline{\text{H.R. 3964}}$, which passed the House in the 113th Congress by a vote of $\underline{229-191}$ on February 5, 2014. The RSC's legislative bulletin for H.R. 3964 can be found $\underline{\text{here.}}$

This title would amend the purposes of the Central Valley Project Improvement Act (CVPIA) to ensure that water dedicated to fish and wildlife is replaced and available to Central Valley Project water contractors by December 31, 2018 and to expedite water transfers. ¹

The CVPIA definition of "anadromous fish" is expanded to include native stock of salmon and sturgeon, and exclude non-native American shad and striped bass.² The definition further states that the fish must have been present in the rivers after the original bill was passed in October of 1992.

The legislation also directs the Secretary of the Interior (when requested by the contractor) to renew any long-term repayment or water contract from the Central Valley Project (CVP) on a 40-year term. The current term is reported to be 25 years for these contracts. Additionally, the secretary is only allowed to charge for water that is actually delivered by the CVP.

The legislation further amends CVPIA to state that water transfers and arrangements for Central Valley Project water that could have been conducted prior to the enactment of CVPIA, may occur and are not subject to CVPIA.

CVP Restoration Fund – H.R. 23 removes language dictating how much of the fund must be spent on habitat restoration and acquisition and how much may be spent on specific projects included in CVPIA. In addition the secretary is prohibited from requiring donations to the CVP Restoration Fund as a condition to



2

¹ The Central Valley Project Improvement Act (CVPIA) was included as Title XXXIV of H.R. 429 in the 102nd Congress. This became law on October 30, 1992

² An "anadromous fish" is one that spends most of its life at sea and travels to fresh water to spawn.

contract for storage or conveyance of non-CVP water. According to the Bureau of Reclamation, this fund was established with the goal of providing funding from project beneficiaries for habitat restoration, improvement and acquisition, and other fish and wildlife restoration activities in the CVP area.³ The secretary is required to annually submit a plan to Congress for the expenditure of all funds deposited in the Restoration Fund during the preceding fiscal year.

Fee Cap – The legislation sets a fee cap of \$4 per megawatt-hour for CVP power that is sold to power contractors. The fee cap is retroactive to October 1, 2016. In addition, mitigation and restoration payments will be automatically reduced in 2021. After the automatic reduction takes effect, expenditures over a three-year period may not average over \$15 million per year and no more than \$35 million may spent in any one-year period. Currently, expenditures over a three-year period may not average over \$35 million per year and no more than \$55 million may spent in any one-year period.

Restoration Fund Advisory Board – H.R. 23 establishes a Restoration Fund Advisory Board composed of 12 members. The members will be selected by the secretary for four-year terms. The board shall make recommendations to the secretary regarding priorities and spending levels for programs authorized by CVPIA. By December 31, 2020, and annually thereafter, the board will transmit their recommendations to the secretary and to Congress.

The legislation authorizes the secretary to enter into water storage/carriage/delivery contracts with any federal agency, California water user or water agency, state agency, or private organization. The secretary is prohibited from charging rates that exceed the amount required to recover the reasonable costs incurred.

The legislation directs the Secretary to implement the plan to increase the yield of the CVP by the amount dedicated to fish and wildlife purposes under Sec. 3408(j) of the CVPIA, by October 1, 2017. However if the plan has not increased the annual delivery capacity by 800,000 acre-feet by September 18, 2018, non-mandatory implementation items of the plan are suspended until the goal is met.

Bay-Delta Accord – The legislation mandates that the CVP and the State Water Project (SWP) be operated in a manner that is consistent with the "Principles for Agreement on the Bay-Delta Standards Between the State of California and the Federal Government." This agreement is commonly known as the Bay-Delta Accord.⁴ According to the legislation, if the CVP and the SWP are operated in a manner that is consistent with that Bay-Delta Accord, then they will be considered to have complied with all requirements of the Endangered Species Act. The legislation prohibits any federal department and the state of California from imposing on, or restricting any valid water right.

The legislation also removes the take limit on certain non-native fish that prey upon they native fish species that occupy the Sacramento and San Joaquin Rivers or the Sacramento-San Joaquin Rivers Delta. These non-native fish are preying on the native fish (like the endangered delta smelt). Removing the take limit allows for more non-native fish to be caught, thereby removing more of the predators of the delta smelt.

This title prohibits the Secretaries of Interior and Commerce from distinguishing between natural-spawned and hatchery-spawned of a species when making determinations under the Endangered Species Act, relating to any anadromous fish present in the Sacramento and San Joaquin Rivers.

⁴ The Principles for Agreement on the Bay-Delta Standards Between the State of California and the Federal Government was signed on December 15, 1994 by the Secretary of the California Resources Agency, the U.S. Secretary of the Interior, the California Secretary for the Environmental Protection Agency, the U.S. Secretary of the Interior, and the Administrator for the Environmental Protection Agency, https://www.calwater.ca.gov/Admin Record/G-000143.pdf



3

³ http://www.usbr.gov/budget/2007/CVPRF%20(Restoration%20fund)/CVPRF 07.pdf

The legislation states that the filing of a Notice of Determination or a Notice of Exemption that was prepared pursuant to the California Environmental Quality Act will be considered to meet the requirements of the National Environmental Policy Act.

Section 111- Section 112

These sections would prevent the requirement of mitigation measures in years that the Sacramento Valley Index is 6.5 or lower, or at the request of the State of California. This prohibition is in effect until the Sacramento Valley Index is at least 7.8 or greater for two years following. In addition, mitigation measures must be based on quantitative data that shows actual harm to species.

Should the Bureau of Reclamation or other federal agencies begin consulting with the U.S. Fish and Wildlife Service or the National Marine Fisheries Service in regards to the operation of the CVP or the SWP, the CVP and SWP contractors will be granted applicant status.

Section 113- San Joaquin River Restoration Settlement

Section 113 would amend the San Joaquin River Restoration Settlement Act (Public Law 111-11).

This section would add a findings section to the San Joaquin River Restoration Settlement Act. The new findings section includes provisions stating that the estimated cost of implementing the original legislation has risen from \$800 million to \$1.7 billion, that meeting the water management goals are likely impossible, that implementation of the 2016 restoration goal will not be completed until 2030, and that it is not reasonable, feasible or prudent to implement the original legislation based on current conditions.

In regards to releasing interim flows, the bill amends the authorization for the Secretary of the Interior to release flows. Flows may be released only if all mitigation measures have been implemented. In addition, the bill adds conditions on implementing the act based on specific groundwater levels and seepage impacts. It also allows for a reduction in flows if seepage is shown to be detrimental to landowners even if the groundwater is below the specified levels.

The bill would prevent the Secretary of the Interior from acquiring property to implement this act through eminent domain if the property owner objects. In addition, under current law, should land that was acquired for the implementation of this act be no longer needed, the land must be offered to the original landowner for repurchase first. The bill would add that the property must be offered at the original purchase price, unless the property value has decreased.

The bill would allow third-parties to act, enforce, and claim for relief from the provisions of this act.

Appropriations by Congress to implement the San Joaquin River Restoration Settlement is required to be on the basis of line item authorizations and appropriations and is prohibited from being part of the Secretary of the Interior or Bureau of Reclamation program funding.

The bill removes the provision requiring a study be completed before the re-initiation of flows in reach 4B. Instead, the bill would (1) prohibit restoration flows through reach 4B; (2) require the secretary to seek to use flood control channels; and, (3) provide non-reimbursable funding for the maintenance costs for the use of flood control channels. In addition, should restoration flows make the reintroduction of species to the San Joaquin River occur, the water supply may not be reduced. The United States and the exchange contractors have no responsibility for implementing or achieving the goals of the restoration program. In addition, the rights of the exchange contractors to water delivery may not be impaired.

Should the State of California require flows in excess of that which is described in the bill from the Friant Dam, then the authorization to implement the act is revoked and the collection and expenditure of funds shall conclude.

The bill also adds three sections to the San Joaquin River Restoration Settlement Act. First, the bill requires the Governor of California and the Secretary of the Interior to submit a report to Congress within a year of enactment detailing whether or not it is in the public's interest, is reasonable, and is practical, to implement the San Joaquin River Restoration Settlement Act. The report must include information on the financial considerations, scientific evidence and alternative uses for the funds that would be used to implement the act. If the report is not submitted, the act should be considered impractical and unreasonable to implement, and the Gravely Ford warm-water fishery described below shall be implemented in its place.

The next section would require that until the continued implementation plan described below is completed, the secretary may only take the following actions to implement the act: (1) restoration and water management goals consistent with the continued implementation plan described below; (2) restoration flow limitations; (3) no migration of salmonids into the restoration area; and (4) transferring restoration flows to avoid impacting water delivery to Friant Division long-term contractors.

The final section includes provisions on the Gravelly Ford Warm Water Fishery and continued implementation of the San Joaquin River Restoration Settlement Act.

Gravelly Ford Warm Water Fishery- Should the San Joaquin River Restoration Settlement Act be deemed impractical or unreasonable to implement, the Secretary of the Interior and the governor of California are instructed to crease a plan for maintaining a Gravelly Ford warm water fishery. Several guidelines are provided, including that contributions from the existing restoration fund should be used to improve the warm water fishery and that the secretary must create a fund with the Friant Water Authority, the San Joaquin Tributaries Authority, and the San Luis and Delta-Mendota Water Authority to fund restoration along the San Joaquin River. The monies in the current restoration fund would be transferred into the new fund. In addition, should California require the river to flow to continue below Gravelly Ford, the authorization is revoked, funding shall cease and the remaining funds shall be transferred to the Friant Water Authority for Friant-Kern Canal repairs.

Continued Implementation of the San Joaquin River Restoration Settlement Act

Should the report required by the governor of California and Secretary of the Interior recommend continued implementation of the San Joaquin River Restoration Settlement Act, the bill would require the implementation of channel improvements in paragraph 11 and additional improvements deemed necessary before restoration flows are released. The bill also names priority projects and the order in which they shall be completed, allows the exchange contractors to assume responsibility for construction of the projects, prohibits restoration flow levels above those detailed in the hydrographs and real-time fishery needs, and prohibits agencies from taking action under the Endangered Species Act in regards to protected species that migrate into the restoration area. The bill also adds members to the Technical Advisory Committee and clarifies that the recommendations from the Restoration Administrator are recommendations that the secretary may deviate from. The bill would require that the secretary work with local landowners and water districts to ensure appropriate solutions are being taken, approve a funding plan and identify impacts of implementing the improvements.

Title II: Calfed Storage Feasibility Studies

Title II contains similar language included in <u>H.R. 3964</u>, which passed the House in the 113th Congress by a vote of <u>229-191</u> on February 5, 2014. The RSC's legislative bulletin for H.R. 3964 can be found <u>here</u>.

This title would direct the Bureau of Reclamation to complete six Calfed surface storage feasibility studies by specified deadlines.



Should the Temperance Flat Reservoir Project on the Upper San Joaquin River be found feasible by the Secretary of the Interior, the land must be managed in a way that does not obstruct environmental reviews, construction, or other activities despite any administrative designation under the Wild and Scenic Rivers Act.

The Secretary of the Interior, acting through the Commissioner of the Bureau of Reclamation, would be authorized to partner or enter into an agreement on water storage projects with local joint powers authorities formed by irrigation districts and other local water districts and local governments within the applicable hydrologic region, to advance those projects.

Title III: Water Rights Protections

Title III contains similar language included in Title II of <u>H.R. 5781</u>, which passed the House in the 113th Congress by a vote of <u>230-182</u> on December 9, 2014. The RSC's legislative bulletin for H.R. 5781 can be found here.

These sections would instruct the Secretary of the Interior to ensure this title does not result in an involuntary reduction of water supply or fiscal impacts, or cause redirected adverse water supply or fiscal impacts to those within the Sacramento River watershed, the San Joaquin River watershed, or the SWP service area. The bill clarifies that costs which are incurred due to this title, and wouldn't have been incurred otherwise, by any entity or public or local agency will not be borne by the agency (unless these costs were incurred on a voluntary basis). This title also does not modify the rights of parties to water service, repayment, settlement, purchase, or exchange contract with the U.S.

This title directs the Secretary of the Interior to allocate water provided for irrigation purposes to existing Central Valley Project agricultural water service contractors within the Sacramento River Watershed based on water-year type.

Title IV: Miscellaneous

This title contains several miscellaneous provisions.

Should an environmental release on the Trinity River deplete CVP water resources or result in a reduction of hydropower generation, environmental releases would be limited.

This title would prevent releases from Lewiston Dam above specified volumes based on the water-year type.

The Secretary of the Interior, consulting with the Secretary of Commerce and the Secretary of Natural Resources from California, would be required to publish an annual report that include information on CVP and SWP instream flow releases and their measured environmental benefits.

This title would also allow Klamath Project contractors, a federal water project in California and Oregon, to be accorded all the rights and responsibilities extended to applicants in the consultation process under the Endangered Species Act, if the Bureau of Reclamation initiates or reinitiates consultation with the U.S. Fish and Wildlife Service or the National Marine Fisheries Service. The contractors would additionally be allowed to be represented through an association or organization.

Finally, the Secretary of the Interior and the Secretary of Agriculture are instructed to recognize Congressional opposition to California State Water Resources Control Board's violation of private property rights and recognize the need to provide reliable water supplies to industrial, agricultural, and municipal users in California.

Title V: Water Supply Permitting Act

Title V contains similar language included in <u>H.R. 2898</u>, which passed the House in the 114th Congress by a vote of <u>245-176</u> on July 16, 2015. The RSC's legislative bulletin for H.R. 2898 can be found <u>here</u>.

This title would establish the Bureau of Reclamation (BOR), under the Department of the Interior, as the lead agency for the purposes of reviews, permitting, licensing, and other federal approvals for the construction of new surface water storage projects in the following states: Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, and Wyoming. Currently these projects are subject to a variety of review and approval processes through multiple state and federal agencies that do not coordinate with each other. This results in procedural delays that affect the project's timeline.

After receiving an application for review, permit, license, or other federal approval, the Commissioner of the BOR must quickly identify any federal agency that may have jurisdiction over the application. BOR must then notify the agency that they have been identified as a cooperating agency within a reasonable timeframe. The agency may respond, however, that they have no jurisdiction or expertise on the matter, or that they do not intend to submit comments or issue a decision except in cooperation with BOR.

The state in which the project is located may also elect to participate as a cooperating agency. The state may make state agencies subject to this title if the agency has jurisdiction over the project, must conduct a review of the project, or must issue an approval of the project.

H.R. 1654 would establish the following general responsibilities for BOR: (1) BOR is to serve as the point of contact for applicants, state agencies, and Indian tribes; (2) BOR will coordinate the environmental documentation to serve as the basis for federal decisions related to the project; and, (3) BOR is to coordinate federal reviews for the project's development and construction.

The title would also establish the following coordination responsibilities for BOR: (1) BOR must notify cooperating agencies within 30 days of receiving a proposal. BOR must facilitate a pre-application meeting for the applicant, relevant state and federal agencies, and Indian tribes to discuss the relevant processes, data requirements, submissions, and timeline requirements of the review process; (2) consult with agencies during the review, identify and obtain relevant data, and set deadlines for the agencies; (3) establish a project schedule with the agencies and applicant. In creating the schedule, BOR must take into account the responsibilities and resources of the agencies and applicant, the size, complexity, schedule and cost of the project, and the resources that may be affected by the project; (4) prepare the environmental review document upon which all agencies are to base their approval on. In addition, BOR must help ensure the cooperating agencies issue a decision on federal approval within one year if there is determined to be no significant environmental impact under 42 U.S.C. 4321 et seq. If an environmental impact statement is required, BOR must help ensure the cooperating agencies issue a decision within 1 year and 30 days after the close of the public comment period; (5) maintain a record of the information utilized in agency decisions; (6) ensure the project data is available in electronic format to cooperating agencies, the applicant and the public, to the extent practicable; and (7) appoint a project manager to oversee the project, issue authorizing documents and ensure the completion of all Bureau and cooperating agency responsibilities.

The title would establish the following responsibilities for the cooperating agencies: (1) after being notified of the application of a project the cooperating agency must submit to BOR a timeframe under which the agency can fulfill all their responsibilities related to the project. BOR will then use this timeframe when creating the project schedule, which the cooperating agency must adhere to; (2) the cooperating agency must submit the environmental review material they produce or compile while complying with federal law; and, (3) the cooperating agency must submit relevant project data to BOR in electronic format, to the extent practicable.

Finally, the title would allow non-federal public entities to contribute funds to expedite the evaluation process of a project's permit. The title states that permits reviewed using contributed funds must be reviewed by BOR's regional director and be subject to the same procedures as permit applications that are not expedited with contributed funds. In addition, BOR and cooperating agency must ensure the funds do not impact impartial decision making or affect the regulatory authorities of the cooperating agency. The funds may not be used to conduct permit evaluation reviews and the permit decisions made using contributed funds must be made available to the public online.

Title VI: Bureau of Reclamation Project Streamlining

Title V contains similar language included in <u>H.R. 2898</u>, which passed the House in the 114th Congress by a vote of <u>245-176</u> on July 16, 2015. The RSC's legislative bulletin for H.R. 2898 can be found <u>here</u>.

The title would further streamline Bureau of Reclamation projects by requiring that project studies initiated by the Secretary of the Interior be completed not later than three years after the date of initiation; have a maximum federal cost of \$3,000,000; and ensure that personnel from the local project area, region, and headquarters levels of the Bureau of Reclamation concurrently conduct a review. The secretary may extend the study timeline by up to three years if the project is too complex to be completed within the first three years. The project study may not be extended more than 7 years.

Within 4 years of enactment, the secretary must submit to congress a report that details the implementation of the above section. All studies that have already been initiated by enactment must be expedited.

The title also establishes a coordinated review process for project studies that require reviews, permits or other federal approval. It allows project sponsors to serve as a joint lead agency, with the concurrence of the secretary and with the federal lead agency, for the purposes of preparing environmental documents. The title identifies roles and responsibilities for the Secretary of the Interior, lead agencies, participating and cooperating agencies and state governments. Projects may be expedited by a non-federal sponsor should the secretary determines there is a federal interest to do so.

Title VI also instructs the secretary to issue guidance for programmatic approaches to conduct environmental reviews that eliminate repetitiveness and establishes a process for coordination between the agencies. Lead agencies are also required to create a plan coordinating agency and public participation in the environmental review process and to work cooperatively with the other agencies that are involved to resolve issues that may delay the environmental review process. In addition, the environmental document prepared by the lead agency must be used by all federal agencies making determinations related to the project study.

The secretary must submit an annual report detailing project reports, proposed project studies, proposed project modifications and expedited projects that are related to the BOR and are recommended for authorization, if not already authorized. The report must detail benefits to proceeding with the projects and if the non-federal interest has demonstrated local support and the financial ability to provide the cost share.

Title VII: Water Rights Protection

Title V contains similar language included in <u>H.R. 2898</u>, which passed the House in the 114th Congress by a vote of <u>245-176</u> on July 16, 2015. The RSC's legislative bulletin for H.R. 2898 can be found <u>here</u>.

This title addresses the treatment of water rights in connection with the use of federal lands. The Secretary of the Interior and the Secretary of Agriculture would be prohibited from (1) placing a condition on the issuance, renewal or extension of a permit, lease, right-of-way, or other land use or occupancy agreements

requiring a water right transfer the United States; or (2) requiring water users to apply for a water rights as a condition of receiving, renewing or extending a permit, license, right-of-way or other land use agreement.

When creating rules or policies regarding permits, licenses, rights-of-way or other land use or occupancy agreements, the Secretary of the Interior and the Secretary of Agriculture would also be required to (1) recognize state authority in regulating, permitting and protecting water use; and (2) coordinate with states to ensure rules and policies are consistent with applicable state water laws and do not further restrict water use. Furthermore, they are prohibited from asserting a connection between groundwater and surface water that is inconsistent with state laws.

Finally, the bill clarifies that this title shall not negatively impact existing legal authority under either secretary's jurisdiction, current or future BOR contracts, the Endangered Species Act, existing federal reserved water rights, the Federal Power Act, Indian water rights, or a federally owned state water right.

The section-by-section summary provided by the Committee on Natural Resources can be found here.

AMENDMENTS:

- 1. Rep. LaMalfa (R-CA) This amendment would alter the water rescheduling program established under Title III, Section 304. Currently, the bill makes the program available to agricultural, municipal and industrial water service contractors within the Sacramento River Watershed. This amendment would also make the program available to individuals receives CVP water service and insure the American River, Sacramento River, Shasta and Trinity River Divisions were eligible for the program.
- 2. Rep. Costa (D-CA) This amendment would allow BOR to conduct geophysical characterization activities of groundwater vulnerability and subsurface aquifer systems.
- 3. Rep. Costa (D-CA) This amendment would allow the BOR to develop a study to enhance mountain runoff to CVP reservoirs from headwater restoration.
- 4. Rep. Denham (R-CA) This amendment would end the New Melones Reservoir Study within 7 years of enactment. The study was authorized under the Water Infrastructure Improvements for the Nation Act passed in the 114th Congress.
- 5. <u>Rep. DeSaulnier (D-CA)</u> This amendment would require the Secretary of the Interior to review technologies and programs related to recycling municipal water and report on the feasibility of expanding their implementation among CVP contractors.
- 6. Reps. Pearce (R-NM) and Torres (D-CA) This amendment would clarify that this bill does not affect Indian tribes with federal recognition.

COMMITTEE ACTION:

H.R. 23 was introduced on January 3, 2017. The bill was referred to the House Committees on Natural Resources and Agriculture.

ADMINISTRATION POSITION:

A Statement of Administration Policy is not available.

CONSTITUTIONAL AUTHORITY:

According to the bill's sponsor: Congress has the power to enact this legislation pursuant to the following: "Clauses 1, 3, and 18 of section 8 and clause 7 of section 9 of article I, of the Constitution of the United States".